



Office of the Postmaster General  
Washington 25, D. C.

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September 21, 1955

Heads of Departments and Agencies of the Government

Subject: Penalty Mail

The Post Office Department, in cooperation with other Government departments and agencies, is engaged in a program to devise a less expensive method for determining the postage charges for government mailings.

As a first step in this program we are simplifying the reimbursement procedure for penalty mail. A proposal is attached for your consideration which we feel will be an effective and economical method of determining the postage due for matter now mailed under the penalty privilege.

The proposal places the reimbursement for penalty mail on a program level rather than on a voluminous record keeping and reporting basis. It takes advantage of the usage figures developed during past years and reflects reductions in volume developed by individual agency's mail control programs. Such programs are encouraged because they are of mutual benefit and result in economies.

If the proposal is acceptable, please inform the Bureau of Finance, Post Office Department, as to the approximate amount of the reimbursement for penalty mail for the fiscal year 1956.

As step two, the Post Office Department will negotiate proposals to include in one reimbursement procedure all official mailings, including air mail, parcels over four pounds, etc. If your Agency desires to include all mailings in a single reimbursement, it will be appreciated if you will give us an estimate as to the total cost of postage on an annual basis. This should be stated separately, that is, so much for penalty mail and so much for matter which is paid by other means.

*Richard E. Summers Jr.*

## PENALTY MAIL REIMBURSEMENT

This proposal is for consideration and agreement between the

(Department, Agency, or Establishment)

and the Post Office Department to simplify reimbursement for penalty mail. The laws provide that all penalty indicia procured shall be accounted for to the Postmaster General and that there shall be reimbursement to the Post Office Department for the equivalent amount of postage from any funds available to the departments, agencies or establishments.

1. Base the 1956 and 1957 reimbursement on the 1955 payments, adjusted to reflect known program changes. (Agencies may use alternative methods such as sampling and estimate of mailings, budget estimates revised to reflect current programs, penalty indicia procured, or usage figures developed from management records.) We can negotiate any substantial adjustments necessary, postage rate changes immediately, volume changes as soon as practical but within two years.
2. If procurement reports of penalty indicia indicate a substantial change, up or down, we can negotiate an adjustment for inclusion in the budget estimate in succeeding years. (Allowances can be estimated for abnormal procurements beyond the year's supply as well as for indicia that have become obsolete, obliterated, or used for internal purposes and not entering postal channels.)
3. After any necessary negotiation, notify the Post Office Department, Bureau of Finance, as soon as practical or by September 15, of the amount determined as reimbursement for the fiscal year. The Post Office Department will then submit a voucher on Form 1080, quarterly, to your agency for reimbursement. (Agencies may adjust the annual amount by notification and negotiation if necessary based on changed conditions.) Quarterly Form B/A-47 will no longer be required.
4. Continue the report of procurement of penalty indicia, but on a simplified basis. Standard Form 12, an annual report of indicia procured, will be distributed later, and may be used in lieu of the submission of purchase orders, printing and binding requisitions, and Form B/A-48. Quarterly Form B/A-48 will be discontinued.
5. The annual inventory of penalty indicia may be estimated to show ending inventory only based on reports from main supply units, until our proposal to have this law repealed is approved by the Congress. (It has passed the House and has been sent to the Senate without amendment.)

COMPTROLLER